**P**roject **M**anagement **O**ffice

# Risk Management Plan for Grants, Contracts, and Loans Management System

Revision #1.5

Office of Financial Management

# Table of Contents

# Statement

The risk plan described in this document is meant to aid the planning for implementing a Best-of-Breed Commercial off the shelf (COTS) product by describing risk-related project roles and responsibilities and the processes that will be used to identify, analyze, track, and manage risks. Risks and risk management can only be addressed generically and at a high level until the COTS solution is selected. The anticipated risks and their mitigation strategies are listed separately as they are identified, as described in the Risk Management Worksheets section of this document.

It is recognized that project management must take a proactive approach in the management of risks related to the implementation of the Grants, Contracts, and Loans Management (GCLM) system. Considerable attention has been given to the advance identification of risks, as this is an early project implementing *Roadmap* principles, and as such can be expected to break new ground and create expectations for future *Roadmap* projects. Risks addressed include those experienced in other states with similar grant program implementations as well as those specifically anticipated for Washington State.

For the purpose of this project, risks are the potential disruptions to the project that may arise from some present process or from some future event. The management of risks will follow a continuous risk management model. Tasks identified for the mitigation of risks will be included in the work plan, as appropriate. This will ensure tracking of the progress occurs, and necessary and appropriate resources identified.

Risk identification, management, and resolution are the responsibility of all members of the project team and project stakeholders. The involvement of all the roles on the project team is extremely significant to having a successful risk management process. This approach will ensure all aspects of the project are appropriately represented.

# Objectives

- Develop consistent methods and tools for the risk management process.
- Establish roles and responsibilities of all participants in the risk management process.

# Roles and Responsibilities

*Executive Sponsor / Executive Steering Committee*
Sadie Rodriguez-Hawkins, Jan Marie Ferrell, Polly Zehm

The role of the **Executive Sponsor** and **Executive Steering Committee** is to review, analyze, and approve mitigation strategies for risks with a “high” risk-impact rating.

## *Project Manager (Project Risk Manager)*
Doug Beam

The role of the **Project Manager** is to review, analyze, and approve mitigation strategies for all levels of risk-impact rating, to provide the overall project risk strategy, and to coordinate with the Risk Management Team. The **Project Manager** has a direct link to **Executive Sponsor** and **Executive Steering Committee**. In this project, the **Project Manager** will perform the duties of the **Risk Manager**.

The **Risk Manager** fulfills the same role within the risk management context as a project manager does in a project context.

Responsibilities include:
Selecting and implementing a project risk management methodology

- Reviewing, analyzing, and approving mitigation strategies for all levels of risk-impact rating
- Developing a project risk management strategy
- Implementing a project risk management infrastructure
- Generally managing within the risk management context, for example setting objectives, forecasting, planning, organizing, directing, coordinating, controlling and communicating
- Back up for Risk Custodian

## *Risk Management Team (Project Team)*
Owen Barbeau, Jason Henderson, Christi Johnson, Liz Saylor, Travis Nation, Rick Castro, Sierra Systems, OGMA Consulting

The role of the **Risk Management Team** is to collect, capture and coordinate the necessary risk information. The **Risk Management Team** identifies and analyzes risks and reports to **Risk Manager.**

The **Risk Management Team** executes the risk management process.

Responsibilities include:

- Ensuring project success
- Reporting any new risks that might appear during the life cycle of the project
- Facilitating the risk identification, analysis, quantification, and qualification of risks
- Providing integrated interpretation and basic recommendations
- Developing risk action plans
- Consolidating, documenting, reporting, and providing feedback on risks
- Ensuring that risks are updated and made available to the Risk Manager and Project Team
- Monitoring risks
- Providing general guidance on any facet of the risk management process

- Assisting with the implementation of action plans as specified by the Risk Owners

## *Project Risk Custodian*
Christi Johnson

The role of a **Risk Custodian** is to oversee and consolidate all the risks within a specific risk category and report to the **Risk Manager.**

**Risk Custodians** perform a quality control function.

Responsibilities include:
- Consolidating all risks within a specific risk category
- Coordinating all **Risk Owners** within risk category
- Providing feedback to **Risk Manager** on progress with the implementation of action plans
- Providing **Risk Owners** with necessary information to implement action plans

## *Project Risk Owners (Appropriate person)*

The role of the **Risk Owners** is to address the specific risk. **Risk Owners** address one or more risks and report to the **Risk Custodian.** Anyone reporting a risk is a **Risk Owner.** In the event a person reporting a risk does not know how or is unable to address the risk, the most appropriate member of the **Risk Management Team** will become the owner of the risk.

**Risk Owners** must ensure that action is taken to address risks.

Responsibilities include:
- Implementing risk action plans
- Providing comments on additional risks and communicating changes to risk measures to the Risk Custodian for consolidation and reporting
- Communicating with team members regarding specific risks

## *External Quality Assurance*
**Robert Fuller,** *Pacific Consulting Group*
**Timothy Easton,** *Pacific Consulting Group*

The role of **External Quality Assurance** is to provide an impartial review of project risks and risk management processes.

Responsibilities include:
- Ensure risk management tools are being applied properly to assure project success

- Provide recommendations for improvements to risk management processes. Advise the Project Manager and the Executive Sponsor / Executive Steering Committee on the adequacy of project risk management processes
- Communicate with the Project Manager about additional high impact risks that may have been overlooked by the project team

# Risk Process

The Project Team will use this risk management process to identify and handle the risks of this project. It provides appropriate attributes, which will allow the Project Team to proactively manage their project.

***Risk Identification*** – This effort will begin at the planning phase of this project. All projects involve some degree of risk. It is seldom cost effective to try to eliminate risk altogether, or even to reduce it to a very low level. It is, however, critical to conduct risk analysis to identify the key risk factors before an effective risk management plan can be put in place. For each risk factor identified, its likelihood of being relevant to the project and its damage potential must be considered. Based on this analysis, the project manager can derive a relative measure of importance associated with each risk factor identified. The goal of risk management is to reduce project risk to an acceptable level.

Risks will be recorded in TestTrack Pro and the Risk Management Team will review risks on a weekly basis. As scheduling and resource planning occur, the TestTrack Pro will be updated to reflect any new risks identified and will continually be updated throughout all phases of this project.

During this phase, a risk management checklist of potential risks is used to stimulate the identification of specific risks that may affect the project and document their characteristics. These initial risks will be categorized and added to the Risk Tracking Worksheet.

***Risk Mitigation (analysis)*** – For each key risk factor, the Risk Management Team considers options for reducing the likelihood and damage potential of the risk. For each option, the Risk Management Team considers the consequences of implementing the option.

During this phase, the details of the specific risk listed within TestTrack Pro will be used to perform a qualitative analysis of risks and conditions, prioritizing their effects on the projects objectives, followed by a quantitative analysis to measure the probability, consequences, and impact on the project's objectives. The Risk Management Team will use the tools listed in the Risk Analysis section to evaluate the impact area and consequences, estimate the severity, and determine the risk impact rating.

***Risk Management Plan*** – Once the key risk factors have been determined, the Risk Management Team will create and implement a risk management plan. The risk management plan itself forms part of the project plan, (ensuring the project plan is appropriately implemented is part of the quality assurance process). An effective Risk

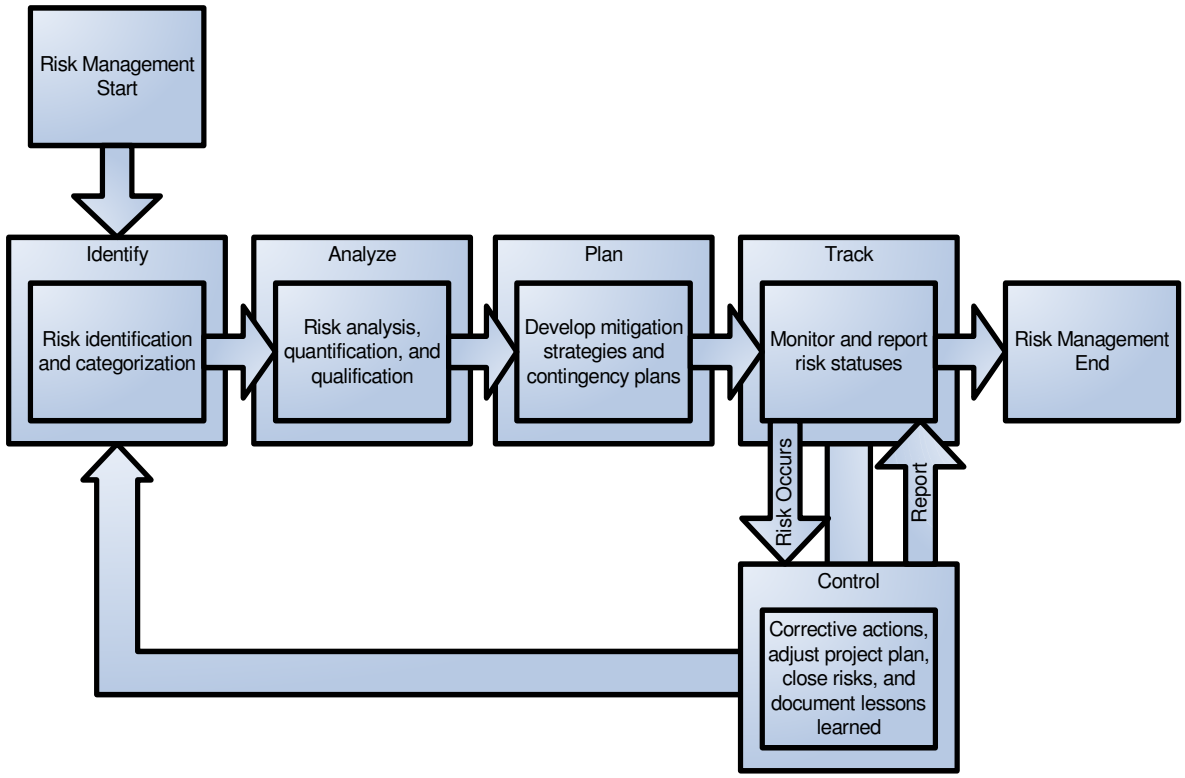
Management Plan has two characteristics; it is kept current and it is well communicated. A significant component of each risk management plan is identification and implementation key performance indicators capable of providing early warning signs where management action is required.

During this phase, procedures and options will be explored. These will document a structured, proactive, and comprehensive strategy to deal with risk, reducing the risk's threat to the project's objectives.

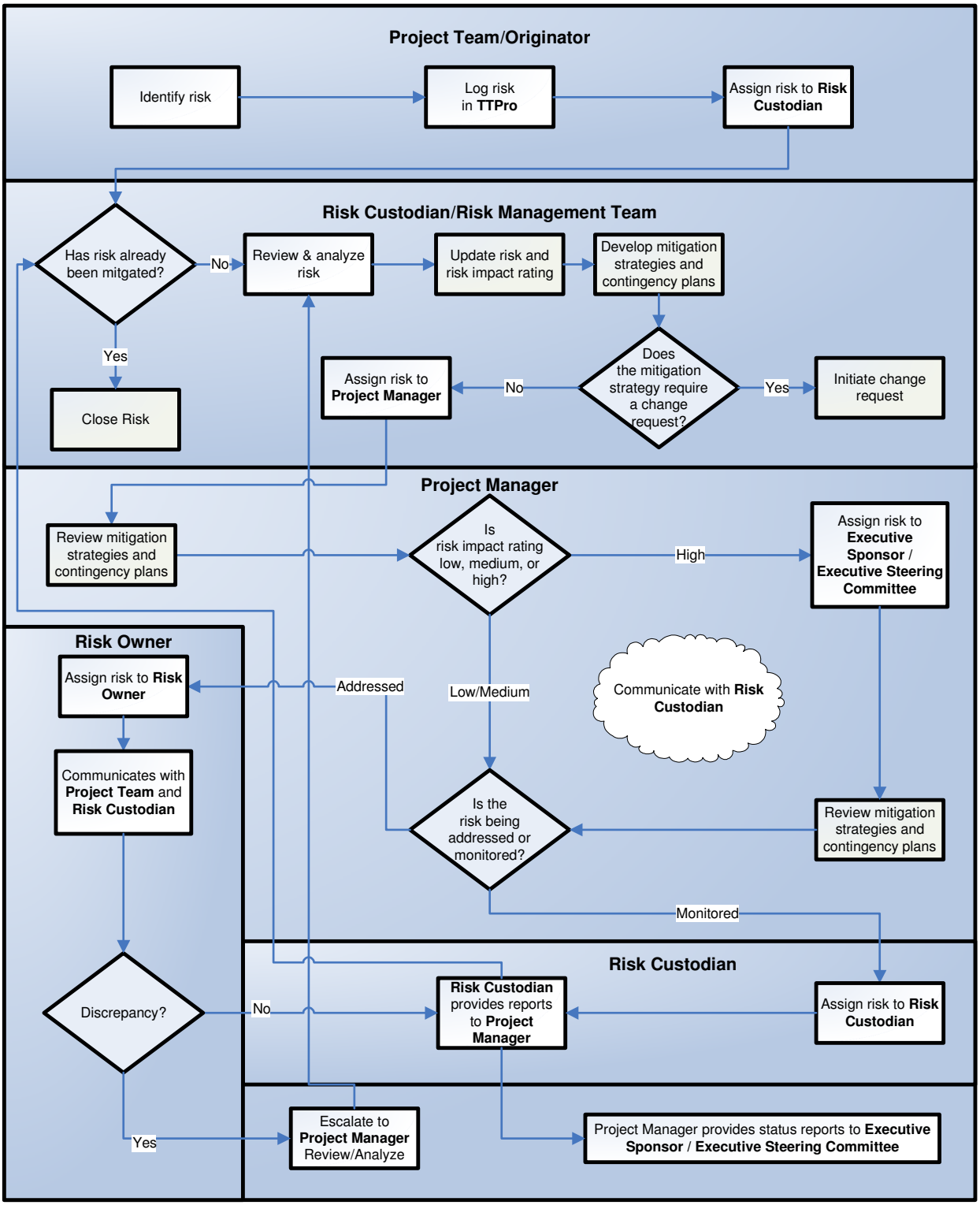
***Risk Management (track and control)*** – The day-to-day activities that reduce the likelihood or damage potential of the risk factors include: documenting assumptions, assigning responsibility, breaking large segments of the project into smaller parts, involving the client, qualified estimating, qualified team personnel, progress monitoring, change management and quality assurance.

When the probability of a risk increases, or when a risk becomes a reality and the Project Manager must deal with a real problem, re-planning occurs. At this point, the Project Manager and Project Team develop strategies that assess the impact of the problem. Re-planning will result in adjustments to budget, schedule, or resources necessary to complete the project.

During this phase, the process of tracking known risks, monitoring residual risks, identifying new risks, executing mitigation strategies, adjusting the project schedule, documenting lessons learned, and reporting the status to the team will be exercised.



# Risk Management Process Flowchart



# Risk Analysis

| Evaluating Consequences of a Risk | | | |
|---|---|---|---|
| **Impact Area** | **Low (1)** | **Medium (2)** | **High (3)** |
| **Technical Performance** | Minimal or no impact<br><br>Acceptable – some reduction in margin | Acceptable – significant reduction in margin | Acceptable – no remaining margin<br><br>Unacceptable |
| **Schedule** | Minimal or no impact<br><br>Additional resources required – able to meet dates | Minor slip in key milestone – unable to meet dates | Major slip in key milestone or critical path impacted<br><br>Cannot achieve major project milestones |
| **Cost** | Minimal or none<br><br><5% cost increase | 5-10% cost increase | >10% cost increase |
| **Scope/ Functionality** | Insignificant change in scope | Minor areas of change in scope | Major areas of change in scope<br><br>Scope changes unacceptable to client or significantly alters the project or deliverables. |
| **Quality** | Insignificant quality reduction<br><br>Quality reduction in minor areas only | Quality reduction requires client approval | Quality reduction unacceptable to client<br><br>Project end item is effectively unusable |
| **Impact on other teams** | None/Some | Medium | Major/ Unacceptable |

**Risk Impact = Potential Consequence * Probability of Occurrence**

| Risk Impact | | | | |
|---|---|---|---|---|
| Consequence | High (3) | (3) | (6) | (9) |
| | Medium (2) | (2) | (4) | (6) |
| | Low (1) | (1) | (2) | (3) |
| | | 1 | 2 | 3 |
| | | Probability | | |

**Probability of Occurrence**

1. Minimal /Unlikely/Rarely
2. Probable/Likely/Sometimes
3. Significant/Highly Likely/Always

| Risk Impact Rating | |
|---|---|
| High (6-9) | High:<br>• Significant impact on cost, schedule, and performance<br>• Significant action required<br>• High priority management attention required |
| Medium (3-4) | Medium:<br>• Some impact<br>• Special attention may be required<br>• Additional management attention may be required |
| Low (1-2) | Low:<br>• Minimal impact<br>• Normal oversight needed to ensure risk remains low |

# Risk Management Worksheets

This project will use TestTrack Pro to track risks. The link to TestTrack Pro is: http://198.238.39.8/scripts/ttcgi.exe?command=loginscreen

The TestTrack Pro risk will be identified as:

Issue Type: Risk
Business Unit: Agreement Management
Product: GCLM
Project: TBD
Sub-product: Core, Data Migration, Vendor Registration, Financial Module.
Sub-Sub-product: TBD

The Risk Custodian is responsible for managing the contents of the dropdown lists for project, product, sub-products, and sub-sub products in TestTrack Pro.

The Risk Custodian is also responsible for creating reports needed for tracking and training team members on the use of TestTrack Pro.

The following are additional fields used in TestTrack Pro to articulate risks:

| Risk | TestTrack Pro Screen |
|---|---|
| Risk ID | Number |
| Risk Description | Issue Summary |
| Impact Area | Impact |
| Consequence Score | Severity |
| Probability | Likelihood |
| Risk Severity Score | Priority |
| Signs and Symptoms | Issue Details |
| Status | Status |
| Action Plan | Steps to Reproduce |
| Assigned to | Currently Assigned To |
| Comments | Comment Notes |
| Risk Category | Issue Source |
| Due Date | Reminder |

A sample Risk Tracking worksheet is located at \\Ofmapoly003\gwu\SWFS\Agreement_Mgmt\GCLM\Project_Working_Docs\Project_Management\2-Planning_and_Execution\Risk\GCLM Risk Management Worksheet.doc and may be used as a working tool when working with risks, but all risks must be entered into TestTrack Pro.

# Acceptance

We, the undersigned project members, have reviewed this document and approve its contents. Acceptance signatures are contained in a separate document.

| Name and Title | Signature | Date |
|---|---|---|
| Sadie Rodriguez-Hawkins<br>Executive Sponsor | | |
| Jan Marie Ferrell<br>Executive Steering Committee | | |
| Polly Zehm<br>Executive Steering Committee | | |
| Lynne McGuire<br>Business Manager | | |
| Doug Beam<br>Project Manager | | |

# Appendix A: Revision History

| Revision | Date | Author | Description of change |
|---|---|---|---|
| 1.0 | 6/8/2007 | Doug Beam | Created |
| 1.1 | 9/15/2007 | Doug Beam | Incorporated review comments |
| 1.2 | 10/15/2007 | Doug Beam | Team review – updated process flow diagram; Project Manager to Risk Management Team in Risk Mitigation section; GCLM Tester to Risk Custodian in Risk Management Worksheets section. |
| 1.3 | 12/5/2007 | Doug Beam | Fixed punctuation errors. |
| 1.4 | 3/24/2008 | Doug Beam | Replaced Allen Schmidt with Lynne McGuire. Added Rick Castro and suggestions from Sierra Systems. |
| 1.5 | 7/28/08 | Anwar Wilson | Changed Susan Dodson to Owen Barbeau. |

# Appendix B: Risk Management Checklist

This checklist is provided to assist in risk management. If the answer is no to any of these questions, examine the situation carefully for the possibility of greater risks to the project. This is only a cursory checklist.

- Do you have a comprehensive, planned, and documented approach to risk management?
- Are all major areas/disciplines represented on your risk management team?
- Is the project manager experienced with similar projects?
- Do the stakeholders support disciplined development methods that incorporate adequate planning, requirements analysis, design, and testing?
- Is the project manager dedicated to this project, and not dividing his or her time among other efforts?
- Are you implementing a proven development methodology?
- Are requirements well defined, understandable, and stable?
- Do you have an effective requirements change process in place, and do you use it?
- Does your project plan call for tracking/ tracing requirements through all phases of the project?
- Are you implementing proven technology?
- Are all external and internal interfaces for the system well defined?
- Are all project positions appropriately staffed with qualified and motivated personnel?
- Are the developers trained and experienced in their respective development disciplines?
- Are developers experienced or familiar with the technology and the development environment?
- Are key personnel stable and likely to remain in their positions throughout the project?
- Is project funding stable and secure?
- Are all costs associated with the project known?
- Are development tools and equipment used for the project state of the art, dependable, and available in sufficient quantity, and are the developers familiar with the development tools?
- Are the schedule estimates free of unknowns?
- Is the schedule realistic to support an acceptable level of risk?
- Is the project free of special environmental constraints or requirements?
- Is your testing approach feasible and appropriate for the components and system?
- Have acceptance criteria been established for all requirements and agreed to by all stakeholders?
- Will there be sufficient equipment to do adequate integration and testing?
- Has sufficient time been scheduled for system integration and testing?

- Can software be tested without complex testing or special test equipment?
- Is a single group in one location developing the system?
- Are contractors reliable and proven?
- Is all project work being done by groups over which you have control?
- Are development and support teams all collocated at one site?
- Is the project team accustomed to working on an effort of this size?